

Washington, D.C. – Today Congressman Charlie Wilson sent a letter to House leadership in support of new coke plants, which are necessary for the production of high-grade steel used in autos, appliances and other products. The letter specifically asks for a fuels tax credit for new coke and coke gas facilities in any final tax extenders package passed by Congress.

This credit is a critical element in the financing of new coke battery construction, which can exceed \$500 million per plant. Extending this tax credit could benefit communities across the nation. It is anticipated that one proposed new heat-recovery coke battery in Middletown, Ohio will result in 500 construction jobs, 75 permanent high-paying manufacturing jobs, and the production of 50 megawatts per hour of co-generated electricity

The letter follows:

April 28, 2010

The Honorable Nancy Pelosi  
The Speaker  
U.S. House of Representatives  
Washington, D.C. 20515  
The Honorable Sander Levin  
Chairman, Ways and Means Committee  
U.S. House of Representatives  
Washington, D.C. 20515

Dear Speaker Pelosi and Chairman Levin:

We write to express our strong support for the inclusion of the nonconventional fuels tax credit for new metallurgical coke and coke gas facilities (I.R.C. section 45K(g)(1)) in any final tax extension package approved by Congress.

We believe extending this credit will create new jobs and encourage the domestic steel industry to accelerate the adoption of leading-edge environmental practices. For instance, one proposed new heat recovery coke battery in Middletown, Ohio will result in 500 construction jobs, 75 permanent, high paying manufacturing jobs and will produce 50 megawatts per hour of co-generated electricity—displacing an equivalent amount of electricity.

Of the 40 coke batteries operating in the U.S., two-thirds are more than 25 years old. In fact, nearly half are over 50 years old and two batteries are over 65 years old. Modernizing the nation's aging stock of coke batteries will provide environmental benefits, energy savings, and create many new high paying construction and manufacturing jobs. In this economic climate, it is important to advance and support domestic jobs.

Metallurgical coke, produced from coal, is the essential fuel and chemical processing agent

required to make iron in a blast furnace. This iron is the essential first step in creating the high-grade steels used in automobiles, appliances, and dozens of other products. In a modern heat-recovery cokemaking battery eligible for the 45K (g) credit, the water, coal-gas and coal-tar inherent in coal are captured and combusted during the baking process. By containing and incinerating these volatile organic compounds that otherwise may be emitted by traditional coking processes, heat-recovery facilities significantly improve the environmental performance of cokemaking operations. These heat recovery facilities have been deemed by U.S. EPA to satisfy the standards of the Maximum Achievable Control Technology, or MACT.

The nonconventional fuels tax credit is a critical element in the financing of new coke battery construction, which can exceed \$500 million per plant. The construction of new coke batteries is a multiyear process involving federal, state and other regulatory permitting requirements and environmental reviews.

We fear that failure to extend the credit will slow the construction of new coke batteries for years to come. This means that aging coke batteries will remain in operation longer and economic recovery will be less robust. In addition, the industry's efforts to adopt cutting-edge environmental policies will be undermined and more U.S. steel production will be lost to overseas mills because of the absence of cleaner and more efficient new batteries

The economy has unfortunately forced the U.S. steel industry to drastically reduce steel production, lay off workers and suspend capital investment projects. We believe it is imperative that Congress pass common sense legislation to help manufacturers regain their financial footing, provide financial stability, create jobs, and stimulate the economy. Again, on behalf of American manufacturing, we encourage you to accept this provision in the final tax extenders package passed by Congress.